UNIVERSITY OF EAST ANGLIA
STAFF SUPERANNUATION SCHEME (UEASSS)

ANNUAL REPORT
FOR THE YEAR ENDED 31 JULY 2021

Scheme Registration Number 10007191

CONTENTS

TRUSTEE AND ADVISERS

Participating Employers

The following were participating employers of the University of East Anglia Staff Superannuation Scheme (the Scheme) during the year:

- University of East Anglia
- Union of UEA Students
- INTO UEA LLP (INTO)

Trustee

The Scheme Trust Deed provides for the University to determine the number of Trustees and to appoint and remove Trustees, subject to the requirements under the Pensions Act 2004 that at least one third of Trustees are nominated by members of the Scheme. During the year the Trustee of the Scheme was UEA Pension Trustee Limited and the Trustee Directors during the year were:

		Appointed	Resigned	Appointed to
C Lawrence	END	6 March 2015		23 November 2022
E Jones	END	6 March 2015	31 July 2020	
I Dewing	END	2 July 2015		1 July 2027
B Johnson	MND	14 November 2016		13 November 2022
J Brown	END	27 November 2018		26 November 2024
E Elsey	MND	1 June 2020		31 May 2026
J Cross	MND	16 February 2021		15 February 2027

END: Employer nominated director
MND: Member nominated director

UEA Pension Trustee Limited is responsible for safeguarding the Scheme's assets and ensuring that the terms of the Trust Deed are observed.

Contact address

Enquiries about the Scheme generally or about individuals' entitlement to benefits should be sent to the Scheme Administrator:-

Mr D I Callaghan, Chief Resource Officer, University of East Anglia, Norwich Research Park, Norwich, NR4 7TJ.
Email: Pensions.UEASSS@uea.ac.uk

Professional advisers

The names of the Scheme's professional advisers are:

Actuary/Consultant	Douglas Primrose FIA (XPS Pension Group) until 31st July 2021 Michael J Harrison FIA FCIA (Mercer) from 1st August 2021
Investment Managers	Insight Investment Management (Global) Limited BlackRock (Channel Islands) Limited Ninety One UK Limited (formerly Investec Fund Managers Limited) Invesco Pension Limited Dodge & Cox Worldwide Funds Plc PIMCO Europe Limited
Investment Custodians	Northern Trust Global Services Limited (Custodians for Insight)
Investment Consultants	Aon Hewitt Limited
Auditors	Larking Gowen LLP
Solicitors	Mills and Reeve
Bankers	Barclays Bank PLC

Internal dispute resolution (IDR)

The Trustee has approved a formal Internal Disputes Resolution procedure, as required under the Pensions Act 1995, in line with best practice. Any dispute should be referred in the first instance to the Scheme Administrator. If the matter cannot be resolved informally then the Scheme Administrator must refer the matter to the Trustee. Strict time limits must be adhered to in the process. If the complainant is still not satisfied with the outcome then the dispute can be pursued through TPAS as specified below. The Internal Dispute Resolution is defined under the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 (SI 2008/649).

The Pensions Regulator
A statutory body responsible for the regulation of pension schemes in the United Kingdom is The Pensions Regulator (TPR) and can be contacted at the following address: Napier House, Trafalgar Place, Brighton, BN1 4DW.

The Pensions Advisory Service
The Pensions Advisory Service (TPAS) is available to assist members and beneficiaries of Occupational Pensions Schemes in connection with difficulties which they have failed to resolve with the Trustee or Administrators of their Scheme. They may be contacted at: 11 Belgrave Road, Pimlico, London, SW1V 1RB.

Pensions Ombudsman
For problems that cannot be settled through TPAS, a Pension Ombudsman (based at the same address as TPAS) has been appointed. The Ombudsman has power to investigate and determine complaints or disputes of fact or law in relation to Occupational Pension Schemes.

The Pension Tracing Service
Information about the Scheme (including the address at which the Trustee may be contacted) has been given to the Pension Tracing Service, which acts as a central tracing agency to help individuals keep track of the benefits they have in previous employers' schemes. You can do this online at direct.gov 'Trace a Pension' or their address is:

Pension Tracing Service, The Pension Service 9, Mail Handling Site A, Wolverhampton WV98 1LU.

TRUSTEE'S REPORT

INTRODUCTION

1. Introduction

This report and financial statements for the year ended 31 July 2021 are presented in compliance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised June 2018).

2. Constitution of the Scheme

The Scheme provides defined benefits for the support staff of the University of East Anglia, the Union of UEA Students and INTO. The Scheme is governed by Trust Deeds and Rules which have been approved by the Pension Schemes Office of HM Revenue and Customs, and is contracted out of the State Second Pension Scheme under the provisions of the Pension Schemes Act 1993.

With effect from 1 November 2007 the Scheme has been closed to new members.

3. Membership

Membership of the Scheme as at 31 July	2021	2020
(a) Contributing members	240	258
(b) Deferred members (i.e. staff who have left or transferred to other employment but have elected to have their benefits accrued to the date of leaving preserved in the Scheme)*	483	492
(c) Pensioner members:		
Retired members *	762	755
Widow(er)s and dependent relatives	117	122
Dependent children	1	1
	880	878
(d) Total Membership	1,603	1,628

* Numbers exclude duplicate records where individuals have another deferred / active membership.

4. Pensions increases
   The rules of the Scheme provide that pensions in payment and deferred pensions and lump sums shall be increased in a similar manner to the increases provided for public sector pensions under the Pensions (Increase) Act 1971. In accordance with the Pensions Increase (Review) Order 2020, therefore, a 0.5% (2020: 1.7%) increase was applied to pensions in payment with effect from 12th April 2021.

   The element of the Pension which represents the Guaranteed Minimum Pension (arising from contracted-out service built up between the 6 April 1978 and the 5 April 1988) is increased by the Department for Work and Pensions and paid direct to the member, but, with effect from 6 April 1988 the GMP built up from the 6 April 1988 to the 5 April 1997 is increased by the Scheme, at a rate set out in an Order, which is the lesser of the increase in prices over a 12 month period of review, or 3.0%. The April 2021 increase was therefore 0.5% (2020: 1.7%).

   No discretionary increases were paid in the year.

5. Transfer values paid
   All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by Regulations issued under the Pension Schemes Act 1993.

   The Transfer value basis is in line with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

6. Financial development of the Scheme
   The financial statements have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

   The accounts on pages 17- 18 show that expenditure under "Contributions and Benefits" exceeded income by £1,354,918. The "Returns on Investments" shows a net increase of £11,869,071 compared to £7,311,582 for the previous year. The market value of investments increased by £11,792,701 (2020: decreased by £1,338,273) and generated investment income of £453,460 (2020: £8,963,138). The Investment Managers' fees for the year were £359,090 (2020: £313,283).

   Pensions in payment continued to grow (note 6), reflecting both the increase in the number of pensioners from 878 to 880 and the index linked nature of the benefits.

   The number of retirements in 2021 was 24, the same as last year.

   Transfer Values Paid during the year were £Nil as last year. The value of transfers received during the year was £Nil (2020: £59,186).

   The latest full triennial valuation of the Scheme, as at the 31 July 2018, was undertaken by the Actuary, XPS Pension Group (formerly Punter Southall & Co).

   The report on Actuarial Liabilities as at the 31 July 2021, which forms part of the Trustee's Report, is included in these financial statements on pages 48 to 49.

The actuary's formal statements prepared in accordance with the Occupational Pension Schemes (Scheme Funding) Regulations 2005 are reproduced on pages 46 to 47. Copies of the formal valuation report can be obtained from the Scheme Administrator.

7. Contributions
In accordance with the Pensions Act 1995, the Trustees are required to prepare and maintain a Schedule of Contributions and monitor the collection of contributions in accordance with that Schedule.

8. Investment policy and management
The Trustee is advised by Aon Hewitt Limited on the Scheme's investment policy.

Investment of the Scheme's assets are made on behalf of the Trustee by external Investment Managers.

The Trustee receives from the Investment Managers confirmation of purchase and sale transactions monthly. They also receive a statement of holdings in the investment funds at the end of each month.

The reports of the Investment Managers for the year ended 31 July 2021 are set out on pages 8-12.

Investment managers' fees are calculated as a percentage of the value of the investment fund during the year.

9. Investment principles
The Scheme's investments are managed in accordance with a statement of investment principles (SIP) prepared under section 35 of the Pensions Act 1995. A new statement of investment principles was signed by the Trustees in September 2020 and is set out in Appendix 1 on pages 35-45.

The SIP was prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and records how the Scheme complies with the EU Shareholder Rights Directive (SRD II) which came into effect on 1 October 2020.

The Investment Committee meets quarterly and considers the investment performance reports produced by Aon Hewitt Limited and takes actions based on the recommendation of the financial advisers.

10. Guaranteed Minimum Pension Equalisation
On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

A new ruling by the High Court, issued on 20 November, means that the Trustee of defined benefit schemes must also revisit and equalise guaranteed minimum pensions (GMP) for historic transfers were they were not equalised.

The Trustee of the Scheme is aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Any adjustments necessary will be recognised in subsequent accounting periods. It is not possible to estimate the value of any such adjustments at this time.

11. Actuary
During the year a competitive process in line with Public Contracts Regulations 2015 was taken to review actuarial services for the Scheme. As a result of that Michael Harrison of Mercer Limited was appointed as Scheme Actuary with effect from 1 August 2021. Douglas Primrose of XPS resigned on 31 July 2021.

The Trustee approved the Trustee's Report, the Trustee's Responsibilities Statement, the Investment Report, the Report on Actuarial Liabilities and the Compliance Statement on ....25th February..2022 and is signed on its behalf by:
(25/02/2022)

Chair

Trustee Director
for and on behalf of UEA Pension Trustee Limited

INVESTMENT MANAGERS' REPORT FOR THE PERIOD 1 AUGUST 2020 TO 31 JULY 2021

The overall management of the Scheme's investments is the responsibility of the Trustee who has appointed Aon Hewitt Limited to advise them on investment policy. However, the day - to - day execution of investment related transactions has been delegated to the investment managers listed below:

- Insight Investment Management (Global) Limited
- BlackRock (Channel Islands) Limited
- Ninety One UK Limited (formerly Investec Fund Managers Limited)
- Invesco Pension Limited
- Dodge & Cox Worldwide Funds Plc
- PIMCO Europe Limited
- Northern Trust Global Services Limited

The Scheme's investment strategy is formalised in a statement of investment principles which has been prepared in accordance with section 35 of the Pensions Act 1995.

The overall strategy of each of the fund managers as set out by the statement of investment principles is set out below:

- Insight (Liability Driven Investment) – to match the movement of the hedge benchmark (created by taking a pro-rata proportion of the fixed and inflation linked cashflows) caused by changes in the interest rates and inflation.

- Insight (Absolute Return Bonds) – to achieve 3 month sterling LIBOR plus 2% per annum over a market cycle (gross of fees).

- BlackRock Dynamic Diversified Growth Fund (Diversified Growth Fund) – To achieve 3 month sterling LIBOR plus 3% per annum (net of fees) over rolling three year periods.

- BlackRock Market Advantage (Risk Parity Fund) – To achieve a volatility target of 7% p.a. and expect to achieve LIBOR + 3.5% returns over the long term.

- BlackRock UK Property Fund (Property) – To outperform similar funds in the IPD UK All Balanced Property Funds Index

- Ninety One (formerly Investec) Global Dynamic Fund (Equities) – To outperform the MSCI All Country World Index by 3%-5% per annum (gross of fees) over rolling three year periods.

- Invesco Global Targeted Returns Fund (Diversified Growth Fund) – To achieve 3 month sterling LIBOR plus 5% p.a. (gross of fees) over rolling three year periods.

- Dodge & Cox Global Stock Fund (Equities) – To outperform the MSCI All Country World Index over a full market cycle (gross of fees).

- PIMCO - Global Libor Plus Bond Fund (Absolute Return Bonds) - To achieve 3 month sterling LIBOR plus 2% p.a. over a market cycle (gross of fees).

At the year end the asset allocation compared to the statement of investment principles (SIP) was as follows:

	Actual	Per SIP
	%	%
Global Equity	18.0	17.5
Liability Driven Investments	32.0	26.0
Absolute Return Bonds	26.0	29.0
Property	7.9	10.0
Multi Asset Funds	16.0	17.5
Liquidity Fund and Cash	0.1	-
	100.0	100.0

The value of the units held under the pooled investment Policies at the beginning and end of the reporting period, were:-

	31 July 2021		31 July 2020	
	£'000	%	£'000	%
Insight				
Liability Driven Investments	52,223	32.0	45,436	29.7
Absolute Return Bonds	20,806	12.8	20,823	13.6
Liquidity Fund	30	0.0	5,879	3.9
Cash and accrued income	34	0.1	34	-
	73,093	44.9	72,172	47.2
BlackRock:				
Diversified Growth Fund	18,281	11.2	16,553	10.8
Property	12,923	7.9	12,197	8.0
	31,204	19.1	28,750	18.8
Ninety One				
Global Equity	14,531	8.9	12,541	8.2
Dodge & Cox:				
Global Equity	14,834	9.1	10,737	7.00
Invesco:				
Diversified Growth Fund	7,871	4.8	7,889	5.20
PIMCO:				
Absolute Return Bonds	21,533	13.2	20,835	13.60
	163,066	100.0	152,924	100.0

Performance

The performance of the investment managers is reviewed periodically at Trustee meetings.

The percentage returns on the Scheme's investments on an annualised basis, compared to the benchmark index to the 31 July 2021 are as follows: -

	Annual (%)			3 Years (% pa)			5 Years (% pa)		
	Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative
Equities									
Ninety One - Global Dynamic Fund (GBP Hedged)	29.0	31.7	-2.7	-	-	-	-	-	-
Dodge & Cox - Global Stock Fund*	38.2	25.7	12.5	-	-	-	-	-	-
Multi asset funds									
BlackRock - Dynamic Diversified Growth Fund	10.8	0.1	10.7	6.4	0.5	5.9	5.7	0.5	5.3
BlackRock - Aquila Life Market Advantage Fund*	10.8	3.6	7.2	-	-	-	-	-	-
Invesco - Global Targeted Returns Fund*	-0.4	0.1	-0.4	-	-	-	-	-	-
Property									
BlackRock - UK Property Fund	9.4	10.3	-0.9	-	-	-	-	-	-
Absolute Return Bonds (ARB)									
Insight - Bonds Plus Fund	3.0	0.1	2.9	1.4	0.5	0.9	0.8	0.5	0.3
PIMCO - Global Libor Plus Fund	3.6	0.0	3.6	-	-	-	-	-	-
Liability Driven Investment (LDI)									
Insight - LDI Fund	-	-	-	-	-	-	-	-	-
Insight - ILF Plus Fund	0.1	0.0	0.1	0.5	0.3	0.2	0.5	0.3	0.2
Total									

Note: Returns are shown gross of fees. Where available, net performance (*) has been given.
BlackRock Aquila Life Market Advantage Fund has no official benchmark.

Performance of the LDI portfolio is not shown as this portfolio is designed to move in line with the liabilities of the Scheme rather than generate an investment return. As such performance of the LDI portfolio can be very volatile. As long as the change in LDI portfolio value closely matches the change in liabilities (following unexpected changes in interest rates and inflation (and assuming a 100% liability hedge ratio)) the LDI portfolio is performing its function of reducing funding level volatility. Therefore it is not meaningful to report LDI performance.

The fund managers make investment charges based on the value of the assets under management (unless otherwise stated below) as summarised below:

<u>Insight</u>:

- Bonds+: 0.25%;
- LDIs:
  - *Gilt only funds*: 0.06% up to 100m liabilities hedged, 0.055% for next 150m, 0.05% thereafter;
  - *Enhanced selection funds*: 0.10% on value of exposure.
- ILF+: 0.08%.

BlackRock:

- Dynamic Diversified Growth Fund: 0.55%;
- Aquila Life Market Advantage Fund: 0.25%;
- UK Property Fund: 1.00%.

Ninety One (formerly Investec): 0.65%.

Invesco: 0.70%.

Dodge & Cox: 0.60%.

PIMCO: Fixed base fee of 0.25% pa on AUM. Performance fee of 15% on returns above benchmark. Total fees capped at 0.78% pa of AUM.

Custodial arrangements

The investment managers appoint their own Custodian in relation to the respective investment funds. All investments are registered in the name of the Scheme and the Trustee obtains confirmation from the investment providers periodically that this remains the case. Each investment manager has outlined the system of internal control in place within its respective organisation to secure safe custody of the Scheme's assets and the Trustee is satisfied with these arrangements.

TRUSTEE'S RESPONSIBILITIES STATEMENT

The financial statements are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and

- contain the information specified in Regulations 3 and 3A to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (Revised June 2018).

The Trustee has supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee is responsible under pensions' legislation for ensuring that there is prepared, maintained and from time to time revised, a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE UNIVERSITY OF EAST ANGLIA STAFF SUPERANNUATION SCHEME FOR THE YEAR ENDED 31 JULY 2021

We have audited the financial statements of the University of East Anglia Staff Superannuation Scheme (the 'Scheme') for the year ended 31 July 2021 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 July 2021, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

Basis for opinion

We have conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including FRC's Ethical Standard, and we have fulfilled our further ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the scheme's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustee's Responsibilities Statement set out on page 4, the Scheme's Trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the scheme or to cease operation, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory framework that the Scheme operates in, and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Pension Act 1995, the Pensions Act 2004, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, Financial Reporting Standard (FRS)102 and the revised 2018 SORP. We reviewed financial statement disclosures by testing to supporting documentation to assess compliance with provisions of these relevant laws and regulations;
- The Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and

capabilities to identify non-compliance with the applicable laws and regulations on an assignment of this type.
- We enquired of the Trustees about their own identification and assessment of the risks of irregularities.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- We made enquiries of the Trustees and staff in the finance function of the Scheme and Employer concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- We read minutes of Trustee meetings and reviewed any correspondence with the Pensions Regulator.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls we test the appropriateness of journal entries and other adjustments; we assess whether the judgements made in making accounting estimates are indicative of a potential bias; and we evaluate the business rationale of any significant transactions that are unusual or outside the normal course of business for the Scheme.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at http://frc.org.uk/auditorsresposnibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Trustees, in accordance with Regulation 3 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Larking Gowen LLP

Larking Gowen LLP
Statutory Auditors
Norwich
Date: 25th February 2022

UNIVERSITY OF EAST ANGLIA STAFF SUPERANNUATION SCHEME
FUND ACCOUNT FOR THE YEAR ENDED 31 JULY 2021

		2021	2020
		£	£
Contributions & Benefits			
Employer Contributions	(4)	3,463,248	3,666,442
Employee Contributions	(4)	89,550	92,666
Transfers in	(5)	-	59,186
		3,552,798	3,818,294
Benefits payable	(6)	4,596,811	4,547,352
Other payments	(7)	25,171	18,622
Administrative expenses	(8)	285,734	297,655
		4,907,716	4,863,629
Net (withdrawals) from dealing with members		(1,354,918)	(1,045,335)
Returns on Investments			
Investment income	(9)	435,460	8,963,138
Change in market value of investments	(10)	11,792,701	(1,338,273)
Investment Management expenses	(12)	(359,090)	(313,283)
Net return on investments		11,869,071	7,311,582
Net increase in the fund during the year		10,514,153	6,266,247
Net assets of the Scheme			
At 1 August		153,024,141	146,757,894
At 31 July		163,538,294	153,024,141

The accompanying accounting policies and notes on pages 19 to 31 form an integral part of these financial statements.

UNIVERSITY OF EAST ANGLIA STAFF SUPERANNUATION SCHEME
STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 JULY 2021

		2021	2020
		£	£
Investments	(10)		
Pooled investment vehicles	(11)	163,031,984	152,889,639
Cash and accrued income	(10)	33,526	34,422
AVC investments	(10)	180,078	157,832
		163,245,588	153,081,893
Current Assets			
Debtors	(14)	44,659	26,166
Cash	(15)	619,432	258,984
Less Current Liabilities			
Creditors	(16)	(371,385)	(342,902)
Net Current Assets		292,706	(57,752)
Net assets of the scheme at 31 July		163,538,294	153,024,141

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of liabilities to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take into account such liabilities, is dealt with in the report of actuarial liabilities (appended) which should be read in conjunction with these financial statements.

These financial statements were approved by the Trustee on 25th February 2022

Signed on behalf of the UEA Pension Trustee Limited:

Chair

Trustee Director

The accompanying accounting policies and notes on pages 19 to 31 form an integral part of these financial statements.

IDENTIFICATION OF THE FINANCIAL STATEMENTS

University of East Anglia Staff Superannuation Scheme (the 'Scheme') is established as a trust under English Law. The address for enquiries to the Scheme is: Mr D I Callaghan, Chief Resource Officer, University of East Anglia, Norwich Research Park, Norwich, NR4 7TJ. Email: Pensions.UEASSS@uea.ac.uk .

The Scheme is a registered pension scheme under the Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential tax treatment.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP) (Revised June 2018).

2. Accounting Policies

The principal accounting policies of the Scheme are set out below.

(i) Contributions

a) Employee contributions, including AVCs, are accounted for by the Trustee when they are deducted from pay by the Employer, except for the first contribution due where the employee has been auto-enrolled by the Employer in which case it is accounted for when received by the Scheme or the expiry of the opt out period if earlier.

b) Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.

c) Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable or, in the absence of an agreement, on a receipts basis.

d) Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions and Recovery Plan, or on receipt if earlier with the agreement of the Employer and Trustee.

(ii) Benefits payable

Benefits payable are recognised on an accruals basis and represents all valid benefits claims in respect of the Scheme year notified to the Trustee by members before the year end.

(a) Pensions in payment are accounted for in the period to which they relate.
(b) Benefits, and any associated taxation due to lifetime or annual allowances where the member has elected for the Scheme to settle the liability on their behalf, are accounted for in the period in which the member notifies the Trustee of his / her decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
(c) Opt-outs are accounted for when the Scheme is notified of the opt-out.

(iii) Transfers to and from other schemes

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Scheme. All the values were based on methods and assumptions determined by the consultant actuary advising the Trustee.

(iv) Investment income

Income from cash deposits is dealt with on an accruals basis.

Certain liability driven investments (LDIs) generate fixed interest income and this income is included in investment income on an accrual basis (note 9).

A monthly dividend payment is received in relation to the Black Rock UK Property Fund and this is also included in investment income on an accrual basis.

All other investment income is retained by the fund manager and reflected in unit values and therefore the change in market value.

(v) Functional and presentational currency

The Scheme's functional and presentational currency is pounds Sterling.

(vi) Additional voluntary contributions (AVCs)

AVCs are accounted for on an accruals basis, in the same way as other contributions, and the resulting investments are included in the statement of net assets (available for benefits) at the value provided by the investment manager at the year-end date.

(vii) Valuation of investments

Investments are included at fair value as described below:

- Pooled investment vehicles are valued at market value based on the Bid price at the year-end in respect of BlackRock's ALMA and Property funds as well as Insight's investments. BlackRock DDGF and Ninety One (formerly Investec) value their investments on a daily single swinging pricing basis. Dodge & Cox, Invesco and PIMCO value their investments on a single price.

- AVC funds with Clerical Medical and Henderson Global Investors are valued at the unit bid price, deemed to be the best estimate of market value.

(viii) Administration expenses

Administration expenses are accounted on an accruals basis.

(ix) Other payments

Other payments are accounted on an accruals basis.

(x) Investment expenses

With the exception of a small proportion of Insight's fees, investment expenses are not separately identifiable and therefore recorded in the change in market value.

(xi) Going concern

The Trustee has a reasonable expectation that the Scheme will continue to be funded by the employer and are not aware of any proposed changes to this. Accordingly, the Trustee continues to adopt the going concern basis in preparing the financial statements.

3. Additional voluntary contributions

Additional voluntary contributions from members, as shown in note 4, represent contributions made to purchase added years benefits and AVCs to Clerical Medical and Henderson.

During the period of suspension of their contributions to the Scheme (6 April 1992 to 5 April 1995), members were able to make additional voluntary contributions into money purchase–type augmented arrangements under which contributions were invested with either Henderson Global Investors (formally Gartmore) or Clerical Medical (formerly Halifax PLC) on behalf of, and at the choice of, the individuals concerned, to provide additional benefits within the overall limits laid down by the HM Revenue & Customs. These investments will remain in the augmented schemes until retirement of the members or until transferring to another scheme.

Following the completion of the members' Pension Holiday, and at the request of members, a standard Additional Voluntary Contribution arrangement with the Halifax PLC was commenced on 1 June 1995. On 27 June 2002, the Halifax AVC schemes were transferred to Clerical Medical Investment Group Limited.

4. Contributions Receivable

	2021	2020
From Members	£	£
Normal contributions	55,367	56,110
Additional voluntary contributions		
Scheme added years	12,265	13,174
Clerical Medical	21,918	23,382
	89,550	92,666
From Employers		
Normal contributions	2,062,524	2,243,071
Normal - Salary sacrifice	406,271	446,538
Deficit funding	900,000	900,000
Statutory maternity & paternity pay	553	169
Pension levy	93,900	76,664
	3,463,248	3,666,442
	3,552,798	3,759,108

The employers paid deficit contributions of £900,000 during the year to eliminate the deficit in accordance with the revised Recovery Plan dated 10 June 2019. £900,000 of deficit funding contributions are payable annually for the period 1 August 2019 to 31 May 2025. Under the Schedule of Contributions pension levies paid by the Scheme are to be reimbursed by the employers, this amounted to £93,900.

5. Transfers in from other schemes

	2021	2020
	£	£
Individual transfers in from other schemes	-	59,186
	-	59,186

6. Benefits payable

	2021	2020
	£	£
Pension payments to retired members	3,553,650	3,460,203
Dependants' pension	400,938	418,944
Retirement lump sums	642,223	668,205
	4,596,811	4,547,352

7. Other payments

	2021	2020
	£	£
Premiums on term insurance with Aviva plc to cover death-in-service benefits	25,171	18,622
	25,171	18,622

8. Administrative expenses

	2020	2020
	£	£
UEA Administration costs	90,404	88,633
Actuarial fees	62,887	92,317
Audit fees	13,200	12,000
Provision of information to members	-	489
Pension Protection Fund - levy	93,900	76,664
Trustee expenses	24,000	24,000
Other expenses	1,343	3,552
	285,734	297,655

9. Investment Income

	2021	2020
	£	£
Income from pooled investment vehicles	435,460	8,963,138
	435,460	8,963,138

During this financial year £435,460 (2020: £447,987) were received in dividend payments from the Blackrock funds.

In 2021 there was no income from Insight's LDIs (2020: £8,515,151). This income represents collateral payments on falling yields. In 2020, yield falls meant the leverage ranges had been breached, resulting in distributions being paid in the period, while it was not the case in 2021.

10. Investments

	Value at 01.08.20 £'000	Purchases at cost £'000	Sales Proceeds £'000	Change in market value £'000	Value at 31.7.21 £'000
Pooled investment vehicles					
Global Equity					
Ninety One	12,541	-	(1,600)	3,590	14,531
Dodge & Cox	10,737	-	-	4,097	14,834
Absolute Return Bonds					
Insight Investment	20,823	-	(550)	533	20,806
PIMCO	20,835	-	-	698	21,533
Property					
BlackRock Property UK	12,197	-	-	726	12,923
Diversified Growth Fund					
BlackRock	16,553	-	-	1,728	18,281
Invesco	7,889	-	-	(18)	7,871
Liability Driven Investments					
Insight Investment	45,436	10,242	(3,912)	457	52,223
Liquidity Fund					
Insight Investment	5,879	5,905	(11,777)	23	30
	152,890	16,147	(17,839)	11,834	163,032
Additional Voluntary Contributions	158	22	(7)	7	180
	153,048	16,169	(17,846)	11,841	163,212
Cash and accrued income	34	16,240	(16,240)	-	34
	153,082	32,409	(34,086)	11,841	163,246

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Investments in excess of 5% of the Scheme's net assets are disclosed below:

	2021		2020	
	£'000	%	£'000	%
BlackRock - Diversified Growth Fund	18,281	11.2	16,553	10.8
BlackRock - Property	12,923	7.9	12,197	8.0
Dodge & Cox - Global Equity	14,834	9.1	10,737	7.0
Insight - Absolute Return Bonds	20,806	12.8	20,823	13.6
Insight - Liability Driven Investments	52,223	32.0	45,436	29.7
Invesco - Diversified Growth Fund	7,871	13.2	7,889	13.6
Ninety One (formerly Investec) - Global Equity	14,531	8.9	12,541	8.2
PIMCO - Absolute Return Bonds	21,533	13.2	20,835	13.6

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. These indirect transaction costs are not separately reported. There are no significant direct costs.

The companies managing the scheme's investments are all registered in the United Kingdom, except from BlackRock (Channel Islands) Limited which is registered in the Channel Islands.

AVC Investments

The Trustee holds assets invested separately from the main fund in the form of individual accounts with Henderson Global Investors and Clerical Medical Investment Group Limited in a separate Additional Voluntary Contributions arrangement. These schemes secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in these arrangements each receive an annual statement confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:-

	2021	2020
	£'000	£'000
Henderson	9	14
Clerical Medical	171	144
	180	158

11. Pooled Investment Vehicles

	2021	2020
	£000	£000
Global Equity	29,365	23,278
Absolute Return Bonds	42,339	41,658
Property	12,923	12,197
Diversified Growth Fund	26,152	24,442
Liability Driven Investments	52,223	45,436
Liquidity Fund	30	5,879
	163,032	152,890

12. Investment management expenses

	2021	2020
	£	£
Investment consultancy	231,820	267,742
Northern Trust	25,000	25,000
BlackRock	-	20,542
PIMCO	102,270	-
	359,090	313,283

The Insight's investment management fees are charged to the Scheme through the reduction of the unit value of the investment held. Only the small difference between this adjustment and the fees invoiced is deducted from the cash balance held by Insight, during the period covered by these financial statements some of these differences have been surplus to the fees charged and have been reflected in the change in market value of the investment.

During the financial year, as per the performance based fee structure, PIMCO invoiced the Scheme for Investment Management fees. This was capped at the agreed rate.

From July 2020 the Black Rock ALMA fees have been paid through the fund and reflected in the fund valuation rather than being invoiced like in the previous financial year.

13. Employer related investments

The Scheme has no investments with the University of East Anglia or any of its subsidiary companies or joint venture entities.

14. Debtors

	2021	2020
Contribution from employers:	£	£
Members - normal contributions	464	504
Employer - normal contributions	2,072	2,251
Employer - deficit funding	670	670
Prepayments	-	22,741
Other debtors	41,453	-
	44,659	26,166

The July 2021 contributions from the University of East Anglia, INTO and the Union of UEA Students were paid to the Scheme in accordance with the timescales set out in the Schedule of Contributions.

The other debtors balance is made up by £28,060 relating to the Blackrock property fund dividend payment for July 2021 received in August 2021 and £13,393 relating to a rebate due from Insight resulted from the surplus of disinvestments compared to the fees chargeable for the quarter ended 30th June 2021.

15. Cash

The balance of cash shown as a Current Asset was held at Barclays Bank on 31 July 2021 in the name of the Scheme.

16. Creditors

	2021	2020
	£	£
Investment Consultants Fees	11,723	20,500
Audit Fees	13,200	12,000
Actuarial Fees	3,168	7,703
Lump sum on retirements payable	53,609	183,342
University of East Anglia	162,707	88,633
Investment Managers Fees	106,436	30,334
Other Creditors	20,542	391
	371,385	342,902

Amounts owed by the Scheme to the University of East Anglia are interest free, have no fixed repayment dated and are repayable on demand.

17. Fair value determination

	At 31.07.21			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Global Equity	-	29,365	-	29,365
Absolute Return Bonds	-	42,339	-	42,339
Property	-	-	12,923	12,923
Diversified Growth Fund	-	26,152	-	26,152
Liability Driven Investments	-	52,223	-	52,223
Liquidity Fund and Cash	64	-	-	64
AVC investments	170	10	-	180
	234	150,089	12,923	163,246

	At 31.07.20			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Global Equity	-	23,278	-	23,278
Absolute Return Bonds	-	41,658	-	41,658
Property	-	-	12,197	12,197
Diversified Growth Fund	-	24,442	-	24,442
Liability Driven Investments	-	45,436	-	45,436
Liquidity Fund and Cash	5,913	-	-	5,913
AVC investments	151	7	-	158
	6,064	134,821	12,197	153,082

18. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out as follows:

Credit risk: This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: This comprises currency risk, interest rate risk and other price risk.

Currency risk: This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

Interest rate risk: This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

Other price risk: This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives.

The strategy as designated in the Statement of Investment Principles was to hold a target allocation as follows:

- 17.5% in Global Equities (Ninety One (formerly Investec), Dodge & Cox)
- 10.0% in Property (BlackRock)
- 17.5% in Multi Asset Funds (BlackRock, Invesco)
- 29.0% in Absolute Return Bonds (Insight, PIMCO)
- 26.0% in Liability Driven Investment (Insight)

The Trustees measure and manage the credit risk and market risk of the portfolio on a regular basis. In the case of market risk, the Trustees make the distinction between risks that arise from interest rate exposure, currency exposure and other price risk.

Credit Risk

The main source of credit risk within the portfolio is due to the indirect investment in corporate bonds in the absolute return bonds and in instruments used within the multi asset funds to achieve returns or manage risk. There may also be a small amount of credit risk within the liquidity funds.

The objective of taking on credit exposure within the absolute return bond and multi asset funds is to obtain a higher expected return than would be obtained from investing solely in government bonds or secured overnight borrowing.

The Scheme is exposed to some credit risk in the LDI portfolio, due to the exposure to counterparties in the derivative positions. The Scheme accepts the credit risk associated with managing its interest rate and inflation exposure as this is unavoidable if it is to manage these exposures effectively.

Exposure to indirect credit risk	2021 (£M)	2020 (£M)
PIMCO Global Libor Plus Fund	21.5	20.8
Insight Bonds Plus Fund	20.8	20.8
BlackRock Dynamic Diversified Growth Fund	9.5	8.6
BlackRock Aquila Life Market Advantage Fund	8.8	8.0
Invesco Global Targeted Returns Fund	7.9	7.9
Insight LDI Funds	52.2	45.5
Insight Liquidity Funds	0.1*	5.9*

Source: Investment managers
**includes ILF and ILF Plus Funds Only*

Direct credit risk also exists through the investment in pooled investment vehicles. These are mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification across a number of pooled arrangements. The Trustees carry out due diligence checks on the appointments of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager.

<u>Currency Risk</u>
The Scheme is exposed to currency risk is due to the investment in unhedged overseas assets.

The investment in overseas assets is designed to increase the number of assets that can be considered for inclusion in the portfolio and thereby improve the risk/reward and diversification characteristics of this investment. The Trustees are satisfied that the expected benefits from allowing the Scheme to invest in overseas assets compensate for the acceptance of the associated currency risk.

For the absolute return bond and multi asset funds, the managers will decide on whether to hedge currency exposure based on their market outlook.

For the equity portfolios, currency risk was hedged in the Ninety One fund.

Exposure to currency risk	2021 (£M)	2020 (£M)
PIMCO Global Libor Plus Fund	21.5	20.8
Insight Bonds Plus Fund	20.8	20.8
BlackRock Dynamic Diversified Growth Fund	9.5	8.6
BlackRock Aquila Life Market Advantage Fund	8.8	8.0
Invesco Global Targeted Returns Fund	7.9	7.9
Dodge & Cox Global Stock Fund	14.8	10.7

Source: Investment managers

The Trustees receive regular reports on the composition of the overseas equity portfolio and the total portfolio and can therefore measure the size of the exposure relative to the whole portfolio.

Interest Rate Risk
Changes in market interest rates will directly affect the fair value of the holdings in bonds and instruments used to help manage the interest rate and inflation exposures of the Scheme. The objective of holding these instruments is to help the Scheme be better matched to the interest rate and inflation exposures of the payments that it needs to make to the beneficiaries.

The Scheme may also have some exposure to interest rate risk through the investments in absolute return bonds and multi asset funds.

Exposure to Interest Rate risk	2021 (£M)	2020 (£M)
PIMCO - Global Libor Plus Fund	21.5	20.8
Insight Bonds Plus Fund	20.8	20.8
BlackRock Dynamic Diversified Growth Fund	9.5	8.6
BlackRock Aquila Life Market Advantage Fund	8.8	8.0
Invesco Global Targeted Returns Fund	7.9	7.9
Insight LDI Funds	52.2	45.5
Insight Liquidity Funds	0.1*	5.9*

Source: Investment managers
**includes ILF and ILF Plus Funds Only*

The Scheme holds 26.0% of the total investment portfolio in an LDI fund. If interest rates fall the value of these assets will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise the value of these assets will fall to help match the decrease in actuarial liabilities. As at 31 July 2021 the Scheme had an interest rate and inflation hedge ratio of 68% of liabilities valued on a gilt+0.25% basis.

Other Price Risk
All investments are subject to idiosyncratic price risks that arise from factors peculiar to that asset class or individual investment in addition to credit risk, currency risk and interest rate risk.

The decision as to whether to invest in a particular security is delegated to the manager.

The purpose of accepting these risks is to ensure that, when considered as a whole, the assets of the Scheme are suitably diversified in terms of the type of risk taken and the sources of expected future returns.

These risks are managed by ensuring that the portfolio is well diversified both across asset classes and within each individual asset class. In addition the Trustees take advice from their investment consultant as to the continuing suitability of the asset classes in which they invest.

All of the funds are exposed to other price risk (for example inflation may affect the value of all investments.)

19. Contingent liabilities

As stated in the note on the statement of net assets (available for benefits) on page 18, these financial statements do not take account of liabilities to pay pensions and other benefits in the future. On this basis, in the opinion of the Trustee, the Scheme had no contingent liabilities at the year end.

20. Related party disclosures

The Scheme's Trustee and members of the Council of the University of East Anglia which is the principal employer of the Scheme are related parties of the Scheme.

During the financial year covered by these financial statements B Johnson, E Elsey and J Cross, Trustee Directors, were contributing members of the Scheme.

Also in this period, fees of £24,000 (2020: £24,000) were paid to the Trustee Directors. The full amount was received by C Lawrence for his role as chairman of the Trustee.

In addition, in the same period, the University of East Anglia and the employers of the members, received contributions, other income and also paid benefits and expenses on behalf of the Scheme. This resulted in an amount owed to the University of East Anglia at 31 July 2021 of £162,707 (2020: £88,633).

21. Potential liabilities

Retirement Benefits

At the year end the Scheme had potential retirement benefit liabilities of zero (2020: zero) in respect of pensioner members who had not notified the Trustee of its required benefit options by the year end.

Guaranteed Minimum Pension Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Any adjustments necessary will be recognised in subsequent accounting periods. It is not possible to estimate the value of any such adjustments at this time.

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE UNIVERSITY OF EAST ANGLIA STAFF SUPERANNUATION SCHEME

We have examined the summary of contributions to the University of East Anglia Staff Superannuation Scheme (the 'Scheme') for the scheme year ended 31 July 2021, which is set out on page 33.

This statement is made solely to the Scheme's trustee, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to it in an Auditor's Statement about Contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's trustees as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Statement about contributions payable under the Schedule of Contributions

In our opinion contributions for the Scheme year ended 31 July 2021 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 14 June 2019.

Larking Gowen LLP

Larking Gowen LLP
Statutory Auditors
Norwich

Date: 25th February 2022

During the year ended 31 July 2021, the contributions payable to the Scheme by the employers and members under the Schedules of Contributions certified by the actuary on 14 June 2019 were as follows:-

	£
Employers' normal contributions	2,062,524
Employers' normal contributions - Salary sacrifice	406,271
Employers' contributions - Deficit funding	900,000
Employers' contributions - Pension levies	93,900
Members' normal contributions	55,367
Total contributions payable under the Schedule of Contributions	3,518,062
Employers' special contributions - SMP/SPP	553
Members additional voluntary contributions	34,183
Total contributions per the financial statements	3,552,798

The employers paid deficit contributions of £900,000 during the year to eliminate the deficit in accordance with the revised Recovery Plan dated 10 June 2019. Under the Schedule of Contributions pension levies paid by the Scheme are to be reimbursed by the employers, this amounted to £93,900.

Approved by the UEA Pension Trustee Limited, as Trustee of the Scheme and signed on its behalf by:

.... Chair .... Trustee Director

THE COMPLIANCE STATEMENT

Actuarial valuation

The Report on Actuarial Liabilities, and related Actuary's certification of the Schedule of Contributions and Technical provisions are all in relation to the valuation as at 31 July 2018 signed on 14 June 2019. The latest recovery plan and Schedule of Contributions (valuation date 31 July 2018) have been submitted to the Pensions Regulator and took effect from the 1st August 2019.

Pension increases

Pension increases were made in accordance with the Pensions (Increase) Act 1971. No discretionary increases in excess of the "Annual Review Order" are made by the Trustee.

Calculation of transfer values

Transfer values are made by reference to the Scheme's actuary and no discretionary benefits are included in the calculations.

Changes in the Scheme Rules

There were no changes in the scheme rules during the period 1 August 2020 to 31 July 2021.

Tax status

The Scheme has been granted tax exempt status under the terms and provision of Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988 and as such under the provisions of Section 186 and 187 of the Finance Act 2004 its income and investment gains are free from taxation. The Scheme is registered under the Finance Act 2004.

Appendix 1

University of East Anglia Staff Superannuation Scheme ("the Scheme")
Statement of Investment Principles

Investment Objective

The Trustee aims to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided. In setting investment strategy, the Trustee considered the impact of changes in both the value of the assets and the value placed on the liabilities on the Scheme's funding level. The investment strategy they have selected is designed to maintain an acceptable funding cost and to improve the funding level over the long term, whilst controlling the risk of significant adverse movements in the funding level.

INVESTMENT STRATEGY

The Trustee has put in place a de-risking framework designed to gradually reduce the proportion of return seeking assets in the Scheme's portfolio and increase the allocation to liability matching assets (Liability Driven Investment), in order to increase the stability of the funding level, when the funding level increases to certain defined levels. These defined levels are shown below:

Date trigger assessed	Funding level (Low Risk basis) required to de-risk the investment strategy to gilts + 2.6% p.a.	Funding level (Low Risk basis) required to de-risk the investment strategy to gilts + 2.0% p.a.
30/06/2020	85%	91%
30/09/2020	85%	91%
31/12/2020	86%	92%
31/03/2021	86%	92%
30/06/2021	86%	92%
30/09/2021	87%	92%
31/12/2021	87%	93%
31/03/2020	87%	93%

Note: The Scheme's Low Risk liability basis referenced above is gilts+0.25%

The de-risking framework will be reviewed following any change in circumstances such as following a valuation, change in covenant, significant contribution or any significant changes to the benefit structure. It was last fully reviewed in January 2020.

The initial allocation of assets is shown below:

Growth (%)				Liability Driven Investment (%)
Global Equity	Property	Multi Asset Funds*	Absolute Return Bonds	
17.5	10.0	17.5	29	26.0

** These include diversified growth funds and risk parity funds.*

The Trustee will review the Scheme's asset allocation relative to the strategic allocation on a quarterly basis.

On hitting a de-risking trigger, the Trustee will decide which growth assets to sell.

Liability Driven Investments are designed to reduce funding level volatilityfrom changes in interest rates and inflation via a range of pooled funds that make use of assets and derivatives such as gilts and swaps. The LDI manager is responsible for ensuring that sufficient liquidity exists to support the derivative positions and accordingly has recourse to the assets held within the absolute return bond portfolio.

This Investment Strategy was determined with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position and the liability profile. The Trustee's policy is to make the assumption that equities will outperform gilts over the long term and assumes that active fund management can be expected to add value. However, the Trustee recognises the potential volatility in equity returns, particularly relative to the Scheme's liabilities, and the risk that the fund managers do not achieve the targets set. When choosing the Scheme's planned asset allocation strategy, the Trustee considered written advice from their investment advisers and, in doing so, addressed the following:

- The need to consider a full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

In addition, the Trustee also consulted with the sponsoring employer when setting this strategy.

RISK

The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustee has identified a number of risks which have the potential to cause a deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk").

The Trustee and their advisers considered this mismatching risk when setting the investment strategy.

- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("cash flow risk"). The Trustee will manage the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and their advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and their advisers considered this risk when setting the Scheme's investment strategy.
- The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustee and their advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews. In particular, the mismatching risk was modelled explicitly as part of the most recent investment strategy review.

Having set an investment objective which relates directly to the Scheme's liabilities and implemented it using a range of fund managers, the Trustee's policy is to monitor, where possible, these risks periodically. The Trustee receives periodic reports from their advisers showing:

- Estimated funding level of the Scheme.
- Performance of individual fund managers versus their respective targets.
- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

<u>Responsible Investing and Cost Transparency</u>

In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk

This includes the risk that environmental, social and governance ("ESG") factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when selecting and monitoring managers.

Arrangements with Investment Managers

The Trustee recognises that the arrangements with their investment managers are important to ensure that interests are aligned. In particular, the Trustee seeks to ensure that the managers are incentivised to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries. The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies, including those on non-financial matters. This includes monitoring the extent to which the investment managers:

- Make decisions based on assessments about medium-to-long-term financial and non-financial performance of an issue or debt or equity; and
- Engage with issuers of debt or equity in order to improve their performance in the medium-to-long-term.

The Trustee is supported in this monitoring activity by their investment adviser.

The Trustee receives regular reports (usually quarterly) and verbal updates from their investment adviser on various items, including the investment strategy, performance and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme's objectives, and assess the investment managers over 3-year periods.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by their investment managers, which supports the Trustee in determining the extent to which the Scheme's engagement policy has been followed throughout the year.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the investment manager where this is deemed necessary.

There is no set duration for arrangements with investment managers, although the continued appointment for all investment managers will be reviewed periodically, and at least every three years.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately this creates long-term financial value for the Scheme and its beneficiaries.

The Trustee regularly reviews the suitability of the Scheme's appointed investment managers and take advice from their investment adviser with regards to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed investment managers. If an incumbent investment manager is found to be falling short of the standards the Trustee has set out in its policy, the Trustee will undertake to engage with the investment manager and seek a more sustainable position but may look to replace the investment manager.

The Trustee reviews the stewardship activities of their investment managers on an annual basis, covering both engagement and voting action.

The Trustee will engage with their investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of the Trustee's active ownership policies as set out in this SIP, are being actioned.

If an incumbent manager is found to be falling short of the standards the Trustee has set out in its policies, the Trustee will engage with the manager and seek a more sustainable position, though it may ultimately replace the manager if such a position cannot be reached.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders.

Cost Transparency

Ongoing reporting and compliance:
The Trustee is aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by their investment managers that can increase the overall cost incurred by their investments.

Data collection
The Trustee collects cost transparency reports covering all of their investments and ask that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustee to understand exactly what they're paying their investment managers.

Manager relationships
The Trustee usually only appoints investment managers who offer full cost transparency via the CTI templates to manage assets of the Scheme. This will be reviewed before the appointment of any new managers and includes the existing managers held by the Scheme.

Portfolio turnover
Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Scheme's investment adviser monitors this on behalf of the Trustee as part of the manager monitoring they provide to the Trustee and flags to the Trustee where there are concerns.

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

Analysis of manager performance and remuneration
The Trustee evaluates the performance of their investment managers relative to their respective objectives on a regular basis via their investment monitoring reports and updates from the investment managers. The Trustee also reviews the remuneration of the Scheme's investment managers to ensure that these costs are reasonable in the context of the kind and balance of investments held.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

IMPLEMENTATION

Aon has been selected as investment adviser to the Trustee. They operate under an agreement to provide a service which ensures the Trustee is fully briefed to take decisions themselves and to monitor those they delegate. Aon are paid an agreed annual fee which includes all services needed on a regular basis. Some one-off projects fall outside the annual fee and the fees for these are negotiated separately. This structure has been chosen to ensure that cost-effective, independent advice is received.

The fund manager structure and investment objectives for each fund manager ("mandates") are as follows:

Dodge & Cox Global Stock Fund (Equities) To outperform the MSCI All Country World Index over a full market cycle (gross of fees).
Ninety One Global Dynamic Fund (Equities) To outperform the MSCI All Country World Index by 3%-5% p.a. (gross of fees) over rolling three year periods.
BlackRock Dynamic Diversified Growth Fund (Diversified Growth Fund) To achieve 3 month sterling LIBOR plus 3% p.a. (net of fees) over rolling three year periods.
Invesco Global Targeted Returns Fund (Diversified Growth Fund) To achieve 3 month sterling LIBOR plus 5% p.a. (gross of fees) over rolling three year periods.

BlackRock Market Advantage (Risk Parity Fund) To achieve a volatility target of 7% p.a. and expect to achieve LIBOR + 3.5% returns over the long term.
Insight (Liability Driven Investment) A liability proxy has been determined using cashflow information provided by the Scheme Actuary together with the actuarial valuation assumptions. A hedge benchmark has been created by taking a pro-rata proportion of the fixed and inflation linked cashflows in the liability proxy. This proportion has been set at 95% of the value of the assets. This proportion is subject to change through time as the funding position and/or market conditions change. Insight's objective is to match the movement of the hedge benchmark caused by changes in interest rates and inflation. Insight will do this by investing in a range of pooled funds that are designed to match the movement in the value of the liabilities of an average pension scheme and within some of these funds Insight can invest in a range of instruments to meet their objective and will make an active decision over what instruments are best to use at a particular point in time. In addition, recent increases in hedging were completed by purchasing pooled funds that match liabilities at different maturities, but using gilts only.
Insight Bonds Plus Fund (Absolute Return Bonds) To achieve 3 month sterling LIBOR plus 2% p.a. over a market cycle (gross of fees)
PIMCO Global Libor Plus Bond Fund (Absolute Return Bonds) To achieve 3 month sterling LIBOR plus 2% p.a. over a market cycle (gross of fees)

BlackRock UK Property Fund (Property)
To outperform similar funds in the IPD UK All Balanced Property Funds Index

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to the relevant fund manager through a written contract. When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The managers' duties also include:

- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and corporate governance in relation to the Scheme's assets.

GOVERNANCE

The Trustee is responsible for the investment of the Scheme's assets. The Trustee takes some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustee has taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustee has established the following decision making structure:

Trustee • Set structures and processes for carrying out their role. • Appoint an Investment Sub Committee.
Investment Adviser • Advise on all aspects of the investment of the Scheme assets, including the items listed above, and its implementation. • Advise on this statement. • Provide required training.
Fund Managers • Operate within the terms of this statement and their written contracts. • Select individual investments with regard to their suitability and diversification. • Advise Trustee on suitability of the indices in the benchmark.
Investment Committee • Selecting of investment advisers and fund managers. • Monitor actual returns versus Scheme investment objective. • Set structures and processes for carrying out its role. • Select and monitor planned asset allocation strategy. • Select and review direct investments (see below). • Consider the recommendations from the investment adviser • Monitor investment advisers and fund managers. • Make ongoing decisions relevant to the operational principles of the Scheme's investment strategy.

Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, eg the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.** All the fund manager mandates listed under "implementation" are qualified as direct investments.

The Trustee's policy is to review their direct investments and to obtain written advice about them annually. These include vehicles available for members' AVCs. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

The fund managers are remunerated on an ad valorem basis. In addition, fund managers pay commissions to third parties on many trades they undertake in the management of the assets and also incur other ad hoc costs.

The Fund Managers have appointed custodians for the safe custody of the assets held within their respective pooled funds in which the Scheme is invested. The custodians are responsible for the safekeeping of the assets held and perform the administrative duties attached, such as the collection of interest and dividends and dealing with corporate actions. In addition, the Trustee has appointed Northern Trust as custodian for the Liability Driven Investment portfolio and the Absolute Return Bond portfolio held with Insight.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

Approved and agreed by the Trustee of the University of East Anglia Staff Superannuation Scheme

Trustee

Effective Date: 30 September 2020

Appendix 2

Actuary's certification of schedule of contributions

Name of Scheme: **University of East Anglia Staff Superannuation Scheme**

Adequacy of rates of contribution

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 July 2018 to be met by the end of the period specified in the recovery plan dated 10 June 2019.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 10 June 2019.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

.... 14 June 2019

Douglas Primrose
Fellow of the Institute and Faculty of Actuaries
XPS Pensions
Tempus Court
Onslow Street
Guildford
GU1 4SS

Appendix 3

Actuary's certificate of the calculation of technical provisions

Name of Scheme: **University of East Anglia Staff Superannuation Scheme**

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 July 2018 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the statement of funding principles dated 10 June 2019.

.... 14 June 2019

Douglas Primrose
Fellow of the Institute and Faculty of Actuaries
XPS Pensions
Tempus Court
Onslow Street
Guildford
GU1 4SS

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustees and the University of East Anglia and other employers participating in the Scheme (“the University”) and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The most recent triennial actuarial valuation of the Scheme was carried out as at 31 July 2018 and an annual updating report was provided as at 31 July 2020. These showed:

	£m 31 July 2018	£m 31 July 2019	£m 31 July 2020
The value of technical provisions was:	143.1	160.5	174.0
The value of assets at that date was:	133.0	146.8	153.0
The funding level was:	93%	91%	88%

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Scheme in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: The discount rates used have been based on the Bank of England Nominal Government Liability curve plus a margin of 2.5% per annum pre retirement and plus a margin of 0.75% per annum post retirement.

Future Retail Prices Index (RPI) Inflation: RPI inflation has been based on the Bank of England inflation curve.

Future Consumer Prices Index (CPI) Inflation: CPI inflation has been derived as RPI inflation less a deduction of 0.8% per annum.

Salary inflation: The salary growth assumption has been set to RPI inflation plus 0.5% per annum.

Mortality: For the period in retirement, the mortality was assumed to be in line with the current standard tables for UK Pension Scheme members, known as the S3PA tables. Future improvements in longevity from the date of the base table have been assumed to be in line with the core parameters of the CMI_2017 model projected on a year of birth basis, subject to a long term annual improvement rate of 1.5% per annum.

Retirement age: In-service members and deferred members are assumed to retire at their respective average retirement age based on actual experience. This allows for the removal of members' right to an unreduced pension from age 60 for future service for in-service members under the age of 55 at 1 February 2013.

Recovery plan

As a result of the shortfall revealed as at 31 July 2018 a recovery plan was agreed between the Trustees and the University on 10 June 2019.

The assumptions used in these calculations were the same as those used to calculate the technical provisions except the Trustees agreed to allow for additional returns of 0.5% per annum above the average assumed discount rate used to calculate the technical provisions.

The University agreed to pay the following additional contributions to eliminate the deficit:

- £1,432,000 for the year from 1 August 2018 to 31 July 2019; and
- £900,000 per year in equal monthly instalments for 5 years and 10 months from 1 August 2019.

These arrangements were formalised in a schedule of contributions which the Scheme Actuary certified on 14 June 2019. A copy of his certificate is included on page 46 of this annual report.

Next actuarial valuation

The next triennial valuation is due as at 31 July 2021.

Appendix 5

Schedule of contributions

The University of East Anglia Staff Superannuation Scheme ("the Scheme")

This schedule of contributions has been prepared by UEA Pension Trustee Limited (the "Trustee"), the trustee of the Scheme after obtaining the advice of their Scheme Actuary. It sets out the contributions the University of East Anglia (the "University"), the other participating employers (Union of UEA Students Limited and INTO UEA LLP) and the in-service members of the Scheme must pay and the dates these contributions must be paid to the Trustee.

This schedule covers contributions payable in the period from 1 August 2019 to 31 May 2025.

Contributions by in-service members	
Members not participating in Pensions Extra	8% of Salary per annum
Members participating in Pensions Extra	Nil

These contributions are deducted from members' Salary each month by the University and other participating employers and paid to the Scheme on or before the 19th day of the calendar month following deduction.

These contributions exclude any Additional Voluntary Contributions payable by members.

Contributions by the University and other participating employers

Future accrual

The University and the participating employers will pay contributions to the Scheme in respect of future accrual for in-service members, administration expenses and death in service lump sums at the following rates:

Members	Contribution rate
In respect of members not participating in Pensions Extra	35.7% of Salary per annum*
In respect of members participating in Pensions Extra	43.7% of Salary per annum*

*of which 2.0% is in respect of administration expenses and 0.5% death in service lump sums.

These contributions should be paid to the Scheme on or before the 19th day of the calendar month following that to which the payment relates.

Shortfall in funding

The University and other participating employers will pay contributions to the Scheme in respect of the shortfall in funding in accordance with the Recovery Plan prepared on 10 June 2019 as follows:

Period	Monthly contribution
1 August 2019 to 31 May 2025	University: £73,435 Union of UEA Students Limited: £895 INTO UEA LLP: £670

These contributions are payable in equal monthly instalments and should be paid to the Scheme on or before the 19th day of the calendar month following that to which the payment relates.

Expenses

Pension Levies, including the Pension Protection Fund Levy, will be paid from the Scheme and reimbursed by the University within 3 months of being notified of the contribution required.

Salary definition

Pensionable yearly remuneration (plus annual average of benefits in kind over period they have been paid, or only over last three years if less) excluding fees, bonuses, commission, overtime or other fluctuating emoluments.

Notes

Nothing in this Schedule shall prevent the University (or any participating employer) paying contributions in addition to those payable in accordance with this Schedule. In particular, contributions payable in respect of individual augmentations or general benefit improvements are to be paid in addition to those set out in this Schedule.

This schedule of contributions has been prepared as at 10 June 2019 and agreed by the Trustee and the University.

Signed on behalf of the Trustee	Date
	10 JUNE 2019
Signed on behalf of the University	**Date**
	10 June 2019

Recovery plan

The University of East Anglia Staff Superannuation Scheme ("the Scheme")

Introduction

The recovery plan has been prepared by UEA Pension Trustee Limited (the "Trustee"), the trustee of the Scheme on 10 June 2019 following agreement with the University of East Anglia (the "University") and after obtaining the advice of their Scheme Actuary.

The actuarial valuation of the Scheme as at 31 July 2018 revealed that the statutory funding objective was not met i.e. there were insufficient assets to cover the Scheme's technical provisions and there was a funding shortfall of £10,100,000.

Additional contributions to eliminate the shortfall

To ensure that the statutory funding objective is met, the Trustee and the University have agreed that the following additional monthly contributions will be paid to the Scheme until 31 May 2025:

Period	Monthly contribution
1 August 2018 to 31 July 2019	University: £116,463 Union of UEA Students Limited: £1,806 INTO UEA LLP: £1,064
1 August 2019 to 31 May 2025	University: £73,435 Union of UEA Students Limited: £895 INTO UEA LLP: £670

Recovery Period

The Trustee expects that the funding shortfall will be eliminated in 6 years and 10 months from the date of the valuation i.e. by 31 May 2025. This is based on the following assumptions:

- The technical provisions calculated in accordance with the method and assumptions set out in the statement of funding principles prepared on 10 June 2019.
- The return on existing assets and future contributions during the period as set out in Appendix C of the statement of funding principles prepared on 10 June 2019.

Signed on behalf of the Trustee	Date
	10 JUNE 2019
Signed on behalf of the University	**Date**
	10 June 2019

Engagement Policy Implementation Statement

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the "Regulations"). The Regulations amongst other things require that the Trustee produces an annual engagement policy implementation statement ("EPIS") which outlines the following:

- Explain how and the extent to which the Trustee has followed its stewardship policy as outlined in the SIP.
- Describe the voting behaviour by, or on behalf of the Trustee (including the most significant votes cast) during the scheme year and state any use of the services of a proxy voter during that year.

This document sets out the details, as outlined above for the University of East Anglia Superannuation Scheme ("the Scheme") and has been prepared by the Trustee covering the year from 1 August 2020 to 31 July 2021 ("the Scheme year").

Scheme Stewardship Policy Summary

The below bullet points summarise the Scheme Stewardship Policy in force over the majority of the reporting year to 31 July 2021. The full SIP can be found online here .

- The Trustee regularly reviews the suitability of the Scheme's appointed investment managers and takes advice from its investment adviser with regards to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed investment managers. If an incumbent investment manager is found to be falling short of the standards the Trustee has set out in its policy, the Trustee will undertake to engage with the investment manager and seek a more sustainable position but may look to replace the investment manager.
- The Trustee reviews the stewardship activities of its investment managers on an annual basis, covering both engagement and voting action.
- The Trustee will engage with its investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of the Trustee's active ownership policies as set out in this SIP, are being actioned.
- If an incumbent manager is found to be falling short of the standards the Trustee has set out in its policies, the Trustee will engage with the manager and seek a more sustainable position, though it may ultimately replace the manager if such a position cannot be reached.
- From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders.

The above policy was put in place in September 2020 as part of wider changes to the Scheme SIP. Given this policy was in place for the majority of the Scheme year, the remainder of this EPIS reports on how this policy has been followed.

Scheme stewardship activity over the year

Training

Over the year, the Trustees have received advice and information from Aon regarding cost transparency and responsible investment in order to ensure compliance with the new regulations. The Trustees have updated their SIP over the year using this information.

Over the year, the Trustees received responsible investment guidance from their investment advisor, which provided the Trustees with updates on the evolving regulatory requirements and the importance of stewardship activity and appropriate consideration of ESG factors in investment decision making. Following this an updated version of the SIP was published in September 2020.

The Trustees received responsible investment training in May 2020 on the new regulatory requirements on stewardship, disclosures and costs, providing them with a background to the new requirements and the timelines for implementation of the new requirements.

Viewpoints Survey

Following the responsible investment training in May 2020 the Trustee completed the Responsible Investment and Cost Transparency Viewpoint Surveys. The responses to these were reviewed during the August 2020 meeting where the Trustee explored their responsible investment beliefs and cost transparency knowledge. Following this, the SIP was updated relating to responsible investment and cost transparency.

Manager Appointments

In the Investment Sub Committee (ISC) meetings in December 2020 and January 2021 the ISC reviewed the equity portfolio of the Scheme. At the February 2021 Trustee meeting the Trustees decided to replace their existing equity managers (Dodge & Cox and Ninety One) with two new equity managers that both have a focus on responsible investment. These are the UBS Climate Aware World Equity Strategy and the BlackRock MSCI World ESG Focus Low Carbon Screened Index Fund.

Updating the Stewardship Policy

Throughout the year, the Trustees have ensured the Scheme appropriately updated the Stewardship policy in the SIP.

In line with regulatory requirements, to expand the SIP for policies such as costs transparency and incentivising managers, as mentioned, the Trustees reviewed and expanded the Stewardship policy in October 2020. The updated wording in the SIP illustrates how the Trustees recognises the importance of its role as a steward of capital, as well as indicating how the Trustees would review the suitability of the Scheme's investment managers and other considerations relating to voting and methods to achieve their Stewardship policy.

This has been made available online where it can be accessed by the public.

Ongoing Monitoring

Investment monitoring takes place on a quarterly basis with a monitoring reports being provided to the Trustees by Aon. The reports include ESG ratings and highlight any areas of concern, or where action is required. The ESG rating system is for buy rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager. Aon's researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments.

Discussions with the sponsor to align applicable ESG objectives

The sponsor has had opportunity to align ESG objectives of the company and Plan where applicable. For example, in October, following consultation with the sponsor, the Trustees implemented revised wording and updated the SIP to meet the regulatory requirements.

Summary

Based on the activity over the year by the Trustees and their service providers, the Trustees are of the opinion that the stewardship policy has been implemented effectively in practice. The Trustees note that their most material investment managers were able to disclose evidence of voting and engagement activity, but also note a small minority were not able to.

The Trustees expect improvements in disclosures over time in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Plan through considered voting and engagement.

Further details are provided for each asset class in which the Plan invests.

Voting and Engagement activity

The Trustee invests in pooled funds, and as such has delegated responsibility for the selection, retention and realisation of investments to the Scheme's investment managers in whose funds it invests.

All of the Scheme's investment managers have provided commentary on their approach to voting, including the use of any proxy voting services provided (relevant for equity managers only) as well as their approach to engaging with underlying security issuers. The Scheme's investment managers have mostly provided examples of significant votes where relevant, with the exception of Dodge & Cox who do not currently characterise significant votes. There are a number of different criteria under which investment managers can determine whether a vote is significant.

Each manager has their own criteria, with examples including:

- a vote where a significant proportion of the votes (e.g. more than 15%) went against the management's proposal
- where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting
- a vote that is connected to wider engagement with the company involved
- a vote that demonstrates clear and considered rationale
- a vote that the trustees consider inappropriate or based on inappropriate rationale
- a vote that has significant relevance to members of the Scheme

The Trustee's definition of a significant vote is broadly consistent with the managers' definitions, therefore, the examples given in the sections below are also aligned with the Trustees' definition of a significant vote.

Summary

Based on the activity over the year by the Trustee and its service providers, the Trustee is of the opinion that the stewardship policy has generally been implemented effectively in practice. The Trustee notes that most of the applicable asset managers were able to disclose strong evidence of voting and engagement activity, with the exception of Dodge & Cox who were unable to provide examples of significant votes cast. The Trustee notes that Dodge & Cox were however able to provide examples of company engagements.

The Trustee expects improvements in disclosures over time in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement, for example the provision of significant vote examples from Dodge & Cox.

a. Equity and Multi-Asset Funds

The Scheme invests in the following funds with equity exposure:

Manager	Fund Name
Dodge & Cox Incorporated	Dodge & Cox Global Equity Fund
Ninety One	Ninety One 4factor Global Dynamic Fund
BlackRock	BlackRock Market Advantage Fund
	BlackRock Dynamic Diversified Growth Fund
Invesco	Invesco Global Targeted Returns Fund

All managers use the services of respective proxy voting organisations for various services that may include research, vote recommendations, administration, vote execution. The below information provides voting information for 1 July 2020 to 30 June 2021. Currently investment managers are only able to provide data on a quarterly basis and so information for the 12 months to 31 July 2021 is currently unavailable. The Trustee is comfortable that the information provided broadly reflects the voting carried out on its behalf over the Scheme year.

Dodge & Cox Global Equity Fund

Voting Policy

Dodge & Cox utilises the services provided by proxy voting advisor ISS for notification and research related to proxies. ISS also administers proxy voting (i.e., implements the proxy voting decisions made by Dodge & Cox). Dodge & Cox's Proxy Officer delegates and reviews proxy research received from the outside proxy research firms prior to voting each proxy according to the Dodge & Cox Proxy Voting Policy. Proxy vote recommendations are then ratified by a securities analyst when deemed appropriate. Exceptions, including potential conflicts of interest that arise when an issue is not clearly covered by these guidelines, and when deemed appropriate by the Proxy Officer or delegate, the proposal may be referred to one or more members of the Proxy Policy Committee for review.

Dodge & Cox also utilises proxy research provided by Glass Lewis to assist in the decision-making process. The proxy voting administrator is reviewed and evaluated periodically. Onsite due diligence of its proxy voting administrator is also performed on a periodic basis.

Dodge & Cox votes all proxies in accordance with its Proxy Voting Policy, which is reviewed at least annually by the Proxy Policy Committee. The Proxy Voting Policy can be found here:
https://www.dodgeandcoxworldwide.com/pdf/shareholder_reports/dc_ww_funds_proxy_voting_policy.pdf

Voting statistics over year to 30 June 2021	
Number of resolutions eligible to vote on	1,323
% of resolutions voted on for which the fund was eligible	100%
Of the resolutions on which the fund voted, % that were voted against management	3%
Of the resolutions on which the fund voted, % that were abstained from?	0%

Dodge & Cox has stated that it does not currently provide any voting examples as it does not currently characterise significant votes.

Engagement Policy

Dodge & Cox does not have a formal engagement policy. The manager states that it engages with companies on environmental, social and governance ("ESG") issues on an ad-hoc basis where it deems it to be material and relevant to its investment thesis. Upon engagement, a company's response is incorporated into Dodge & Cox's investment decision-making and monitoring. A key consideration in Dodge & Cox's investment process is whether or not a company is being managed for the long-term benefit of its shareholders.

Governance factors such as capital allocation, makeup and quality of the board and management, and strategic decisions are often considered when evaluating companies. Dodge & Cox engages with the management of a company when it believes that its decisions are not aligned with the best interests of long-term shareholders.

Engagement Example

Throughout 2019 and 2020, Dodge & Cox spoke extensively with the HP Inc. board and management about the potential merger with Xerox. Dodge & Cox talked at length with the company about capital allocation, shareholder value and strategy. The proposal from Xerox along with HP Inc.'s engagement with its shareholders led HP Inc. to adopt a new Shareholder Return Program which focused on increasing value to its shareholders. This was something Dodge & Cox was very pleased with as it had many focused conversations on this topic.

Additionally, when HP Inc. adopted a Poison Pill[1] to avoid any hostile takeover of the company, Dodge & Cox spoke with the company about the reasons behind the decision. Subsequently, Xerox announced that they no longer intended to acquire HP Inc. and Dodge & Cox were surprised that HP Inc. kept the Poison Pill in place. Dodge & Cox expressed their dissatisfaction around the adopted Poison Pill and communicated their expectations around messaging and removal of this pill. HP Inc. removed the Poison Pill from its by-laws well before the pill expired.

Ninety One Global Dynamic Fund

Voting Policy

Ninety One use an external proxy research and vote execution service provided by ISS. ISS provide the manager with a service to provide both benchmark research and custom policy research. The manager then takes these into consideration and discuss internally to make a decision in the best interest of the shareholders, which may differ from ISS recommendations.

Voting statistics over year to 30 June 2021	
Number of resolutions eligible to vote on	787
% of resolutions voted on for which the fund was eligible	92%
Of the resolutions on which the fund voted, % that were voted against management	5%
Of the resolutions on which the fund voted, % that were abstained from?	2%

Voting Example

[1] A Poison Pill refers to a defence strategy used by a target firm to prevent or discourage a potential hostile takeover by an acquiring company. It allows existing shareholders to purchase additional shares at a discount, effectively diluting the ownership of a new, hostile party.

A significant voting example provided by Ninety One was with Medtronic, a medical device producer. In November 2020, Ninety One voted against the nomination of five directors on the board, on the basis that it did not view the director nominees as independent due to either their previously lengthy tenure or the working relationship they held with the firm. The nomination from the company leadership collectively meant both the board and the nominee committee would constitute less than an independent majority. Ninety One believed that the proposal would have negative implications for Medtronic's governance especially after the investee company had already received negative press coverage in relation to the opioid crises in the United States. Ninety One has voted against this nomination on the grounds of societal impact and the future financial performance implications Whilst the resolutions all passed, Ninety One continue to engage with the company to promote better governance.

Engagement Policy

Ninety One states that engagement takes place as an integral part of the investment process, with the investment teams initiating engagement based on their investment processes and priorities. The investment manager's specialist ESG team provides engagement advice and focusses on key ESG themes and significant holdings. The ESG team is accountable to executive leadership through the Investment Governance Committee for policy implementation and meets on a quarterly basis.

Ninety One's engagements are broadly categorised into three areas:

- Strategic – to bring about change and enhance return.
- ESG communications – to improve information, reinforce voting rights and communicate voting decisions.
- Theme-based – to focus on specific themes to reduce risk, improve information and link to advocacy efforts

Engagement Example

Ninety One carried out a firm-level engagement with Sasol (a chemicals and energy company), the second-biggest carbon emitter in South Africa. The manager's engagement team supported Climate Action 100+ ("CA100+") in its engagement with Sasol. Action to date includes dialogue with Sasol's sustainability experts and leadership to reduce carbon emissions and align with the Paris climate agreement. In addition, Ninety One has assessed the company's public disclosure against the CA100+ net-zero benchmark. Ninety One expects Sasol to present its Climate Transition Plan at its Capital Markets Day in late 2021.

BlackRock: Market Advantage Fund and Dynamic Diversified Growth Fund

Voting Policy

Blackrock uses Institutional Shareholder Services' ("ISS") electronic platform to execute its vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. Blackrock's voting decisions are informed by internally-developed proxy voting guidelines, its pre-vote engagements, research, and the situational factors for each underlying company. Voting guidelines are reviewed annually and are updated as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year

Voting statistics over year to 30 June 2021	Market Advantage Fund	Dynamic Diversified Growth Fund
Number of resolutions eligible to vote on	22,091	12,343
% of resolutions voted on for which the fund was eligible	99%	99%

Of the resolutions on which the fund voted, % that were voted against management	7%	6%
Of the resolutions on which the fund voted, % that were abstained from?	0%	0%

Voting example

In December 2020, BlackRock voted against a management proposal and recommendation that shareholders vote to approve an Equity Interests and Assets Transfer Agreement between Yankuang Group Company Limited and Yanzhou Coal Mining Company Limited. In September 2020, Yanzhou Coal proposed to acquire the equity interests held by Yangkuang Group in seven business entities for a total cash consideration of CNY 18.4 billion. The key assets to be acquired include a coal liquefaction project, a supporting coal mine and a coal-fired power plant, as well as other ancillary facilities.

BlackRock duly noted Yanzhou Coal's rationale for making the acquisition, namely to expand its coal chemical business and to extend the industrial chain for profit enhancement. Nevertheless, BlackRock believes it was in its clients' best long-term economic interests to vote against the proposed acquisition due to two primary concerns: 1) the underlying valuation for the terms of the transaction and 2) management's oversight of potential stranded asset risk.

With respect to the latter, BlackRock are cautious about the potential stranded asset risks at Yanzhou Coal following the asset purchase. The transaction was announced shortly after China pledged to achieve carbon neutrality by 2060 with carbon emissions peaking by 2030. Yet Yanzhou Coal as a state-owned enterprise did not articulate how the acquisition of these coal-related assets aligns with China's stated goals, including the new Nationally Determined Contributions to be updated at the UN Climate Change Conference (COP 26). In particular, concerns remained about Yanzhou Coal's decision to acquire a coal-fired power plant as part of this transaction. The coal-fired power sector in China is already facing numerous challenges such as tightened emission standards, overcapacity, as well as declining utilisation hours. The sector is expected to become even more challenged as more provinces anticipate grid parity for renewable energy. Therefore, such an acquisition could well exacerbate the company's stranded asset risks and delay progress to achieve the company's decarbonisation targets.

BlackRock communicated the above concerns with management and requested the company consider reporting on its approach to the energy transition in alignment with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD). BlackRock Investment Stewardship team will continue to closely monitor Yanzhou Coal's progress on sustainability reporting and engage to advocate for business practices aligned with long-term value creation. More detail on the vote rationale can be found at the vote bulletin here: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-yanzhou-coal-dec-2020.pdf

Engagement Policy

BlackRock's Investment Stewardship ("BIS") team's stated key engagement priorities include:

- Board quality
- Environmental risks and opportunities
- Corporate strategy and capital allocation
- Compensation that promotes long-termism

- Human capital management.

Over 2020, BIS had over 3,500 engagements — an increase of 35% against 2019 – with 2,110 unique companies, covering nearly 65% by value of their clients' equity investments. They also had 936 engagements on the impact of COVID-19.

More information can be found in the BlackRock Investment Stewardship Annual Report 2020: https://www.blackrock.com/corporate/literature/publication/blk-annual-stewardship-report-2020.pdf

Engagement Example

An example of an engagement by BlackRock was that with Exxon, a multi-national oil and gas company. In BlackRock's discussion with the company, it discussed several engagement topics including governance structure, corporate strategy, environmental risks and opportunities. Discussions also covered Exxon's approach to the European regulatory environment, its views on electric vehicle penetration as a risk to their business, and its risk management in relation to physical climate change risks. BlackRock have stated that its ongoing dialogue with Exxon has been largely constructive and effective, however, there have also been areas where the company wasn't adequately responsive to shareholder feedback. As a result, BlackRock voted against the re-election of the lead independent director; this was due to the company's lack of progress on climate-related disclosures. Furthermore, BlackRock supported a shareholder proposal seeking a report on the extreme weather resilience of certain operations. This is consistent with BlackRock's view to first engage with companies on its concerns and to subsequently hold directors accountable if those concerns are not sufficiently addressed. BlackRock anticipate further dialogue with the board and management of Exxon and remain optimistic that its recommendations to enhance governance and transparency will lead to additional positive future outcomes.

Invesco Global Targeted Returns Fund

Voting Policy

At Invesco, proxy voting is conducted by investment teams through its proprietary proxy voting platform PROXYintel. Invesco states that its proxy voting process focuses on maximising long-term value for clients, protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. Invesco further states that its proxy voting process is designed to ensure that proxy votes are cast in accordance with the best interests of all clients.

Invesco's investment teams globally are supported by its centralised team of ESG professionals and proxy voting specialists. Invesco's Global ESG team oversees the proxy policy, operational procedures, inputs to analysis and research and leads the Global Invesco Proxy Advisory Committee. Invesco use third party proxy advisory firms Glass Lewis and ISS to supplement its internal research with further research and vote recommendations.

Invesco aims to vote all proxies where it has been granted voting authority in accordance with its Voting Policy. The portfolio managers and analysts review voting items based on individual merits and retain full discretion on vote execution.

Voting statistics over year to 30 June 2021	
Number of resolutions eligible to vote on	5,723
% of resolutions voted on for which the fund was eligible	99%
Of the resolutions on which the fund voted, % that were voted against management	8%
Of the resolutions on which the fund voted, % that were abstained from?	1%

Voting Example

In November 2020, Invesco voted in support of Shaftesbury Plc management regarding the issuance of shares to Norges in order to raise capital.

Invesco believed the proposal is warranted, but not without concern for shareholders: as the issue of new ordinary shares is dilutive to non-participating shareholders and as the issue price represents a significant discount to market price before the announcement of terms. The primary reasons for support were that the company's management provided a detailed use of the proceeds from the capital raising, which was focused on maintaining a strong balance sheet and liquidity under current market conditions, and as management has drawn attention to importance of shareholder vote for the Company to have sufficient working capital.

The outcome was that the vote was passed and Invesco will continue to monitor the use of the capital raised. Invesco classified this as a significant vote since the company has greater than 1% Invesco Ownership.

Engagement Policy

Invesco aims to influence the strategy of companies via active engagement with management and at board level. It has a centralised engagement process which aims to leverage Invesco's scale to increase the chance of meaningful engagement. Invesco's global process aims to ensure that its ESG targeted engagements are a collaboration between the Global ESG research team and the investment teams across the firm who may have interest in the issuer:

- Internal assessment and coordination – the Global ESG team consults with the appropriate investors and reviews the ESG engagement focus list and decides whether to: a) gather feedback on a topic and provide that feedback to an issuer, b) schedule a call if it is deemed to be necessary, or c) engage directly and serve as a liaison.
- Research and follow up – Invesco's Global ESG research team conducts in-depth ESG research in preparation for these meetings and discusses with shareholders across Invesco to ensure that companies are questioned on the key ESG topics. The Global ESG team writes up an Engagement Report for these meetings and this is shared on Bloomberg and ESGintel for all Invesco investors to access

Engagement Example

Invesco detailed an engagement example at a firm-level with the American telecoms company Comcast Corporation, where Invesco's investment team set up a call with the company management after the Annual General Meeting, as a follow up on a previous call on governance earlier in the year.

Invesco discussed executive compensation related to metrics such as Free Cash Flow and how this can align with long-term perspective and value creation. Comcast also mentioned that it intends to further efforts to diversify the background of the board of directors and briefed on its "Comcast-wide" programme, an initiative to improve diversity within its company and with stakeholders.

Invesco holds the view that Comcast takes social and governance topics including workplace culture, diversity in business, operations and products services seriously. As such, Invesco has no plan to engage Comcast for the said topics in the remainder of 2021 depending on whether additional ESG-related information changes its view on the company.

b. Engagement activity – Fixed Income and Real Estate

The Scheme also invests in the following fixed income and real estate strategies:

- PIMCO Global Libor Plus Bond Fund
- Insight Bond Plus Fund (3 month LIBOR +2%)
- BlackRock UK Property Fund

The Trustee acknowledges that the ability to engage and influence companies may be less direct for investment managers of these asset classes in comparison to equity investment managers. However, from the information received, it is encouraging that the managers are aware and active in their role as a steward of capital.

The following examples demonstrate some of the engagement activity being carried out on behalf of the Scheme over the year.

PIMCO Global Libor Plus Bond Fund

Engagement Policy

PIMCO states that it believes its size, scale and history as a premier fixed income manager gives it a special platform to engage with issuers, help lead the industry and drive positive change. PIMCO states that it believes engagement is an essential tool for delivering impact for investors and can be a direct way for PIMCO to influence positive changes that may benefit all stakeholders, including investors, employees, society and the environment.

PIMCO aims to have an industry-leading engagement program among fixed income investment managers. By investing across a diverse asset class and group of issuers – including corporates, municipalities, sovereigns and others – PIMCO believes it is ideally positioned to drive meaningful change.

PIMCO's credit research analysts engage regularly with the issuers that it covers, discussing topics with company management teams related to corporate strategy, leverage and balance sheet management, as well as sustainability-related topics such as climate change targets and environmental plans, human capital management, and board qualifications and composition.

Further detail on PIMCO's policy can be found here: https://www.pimco.co.uk/en-gb/our-firm/policy-statements

Engagement Example

In 2020 PIMCO engaged with DELL Inc regarding supply chain management. This engagement activity was undertaken solely by PIMCO and led by its engagement specialist and credit team. PIMCO engaged Dell on labour rights issues in its supply chain, including compliance on working hours and response and investigation on forced labour disputes.

The investment manager encouraged the company to disclose supplier audit coverage and assurance progress for conflict mineral sourcing ('conflict resources' are natural resources extracted in a conflict zone and sold to perpetuate the fighting). Dell was encouraged to include sub-tier suppliers in this assessment and make public commitments to 100% Responsible Minerals Assurance Process ("RMAP") for conflict mineral sourcing.

Following this engagement, Dell confirmed that its audits now cover much more of the supply chain. Dell also updated disclosure on RMAP-compliant supplier list to maintain transparency. In 2021, Dell is working to achieve 100% RMAP compliance for conflict mineral such as tin, tantalum, tungsten, gold and cobalt; metals which form a fundamental part of the production process of its technology products. PIMCO will continue to engage with Dell on supply chain transparency and traceability.

Insight Bond Plus Fund

Engagement Policy

Insight states within its responsible investment policy that it engages as a bondholder with management and other entities to discuss issues such as strategy, deployment of capital, performance, remuneration, risk management and ESG factors. Insight approach engagement conscious of wider factors such as portfolio positioning, materiality of issuance and company access.

A key element of stewardship at Insight is proactive engagement with companies to ensure accurate analysis and to influence them to improve their practices. Insight states that this engagement with issuers is a key part of its credit analysis and monitoring, which complements Insight's approach to responsible investment. One of the key inputs into the ESG analysis is the direct information which Insight receive from companies via engagements that take place with them.

As a global investment manager, Insight believes that it must take a proactive role in ensuring the long-term sustainability of the markets, and fixed income in particular. Long-term initiatives include:

- Active engagement with other industry members to ensure its clients' rights and considerations are fully represented;
- Development of new sources of repo liquidity (a repurchase agreement, "repo", which is a form of short-term secured borrowing)- a key issue for pension funds seeking to manage risk efficiently and effectively;
- Challenging the pressure on derivatives users, including pension funds; and
- Supporting the transition to a low carbon economy by investing in over 40 green bond issuances, and encouraging banks to consider green bond issuance, and through its Advisory Council role with the Green and Social Bond Principles.

Insight is supporting the Climate Action 100+, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

Insight produced a detailed annual report on responsible investment covering examples of their collaboration, engagement and ESG integration. More information can be found here: https://www.insightinvestment.com/globalassets/documents/responsible-investment/responsible-investment-reports/uk-responsible-horizons-report-2020.pdf

Engagement Example

In Q4 2020, Insight engaged with Boeing concerning the product quality and safety issues surrounding the 737 Max. Insight provided feedback on the fact that it is difficult to assess any sorts of improvement without proper disclosure demonstrating the changes Boeing have articulated on the internal product quality and safety metrics. Insight is going to continue to monitor the progress and engage again within 12-18 months following an appointment with Boeing's Chief Sustainability Officer.

Property - BlackRock UK Property Fund

BlackRock's engagement policy for the UK Property Fund is in line with the firm-wide engagement policy laid out in the equity and multi-asset section above.

The UK Property Fund invests directly in UK real estate, where the concept of stewardship and engagement is less applicable, though BlackRock reports annually on its property funds to the Global ESG Benchmark for Real Estate ("GRESB"), which aims to assess and benchmark the ESG and other related performance of real assets across the market.

Engagement example

Sustainability campaigns have been implemented at various properties across the BlackRock UK Property Fund to engage with tenants on a range of sustainability topics; from energy efficiency and carbon reduction, to sustainable transport and travel, waste management and recycling, wildlife conservation, and health and well-being.

Birmingham Business Park ("BBP") is a large office campus comprising over 1.7m sq ft of office space, spread across 148 acres of mature parkland, and with over 130 occupants, including Rolls Royce, IMI and Goodyear. Ongoing sustainability campaigns, together with quarterly 'Sustainability Week' events are now held at BBP and are open to all occupiers, as well as the wider local community.

BlackRock has conducted numerous campaigns and initiatives, a few examples being:

- The establishment of three on site beehives. The 'BBP Honey' generated by the bees is sold on site to tenants and visitors, with all proceedings going to local charities
- On site pond dipping, woodland walks and 'wildlife awareness' talks at lunchtimes and after hours
- The provision of 'Pool Bikes', together with on-site cycle storage facilities, for the use of all tenants

As a result, BBP was awarded the Transport for West Midlands Top Cycling Award and Top Walking Award in 2017 in recognition of the efforts to encourage more sustainable modes of transport for all occupiers and tenants.

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